

# **EXHIBIT 122**

## **Excerpts of the 30(b)(6) Deposition of Ike Lawrence Epstein on Zuffa Acquisitions**

**(12/2/16)**

UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

CUNG LE; NATHAN QUARRY, JON )  
FITCH, on behalf of )  
themselves and all others )  
similarly situated, )  
                               )  
Plaintiffs, )  
                               )  
vs.                         ) Case No.  
                               ) 2:15-cv-01045-RFB-(PAL)  
                               )  
ZUFFA, LLC, d/b/a Ultimate )  
Fighting Championship and )  
UFC, )  
                               )  
Defendant. )  
\_\_\_\_\_)

CONFIDENTIAL

VIDEO RECORDED 30(b)(6) DEPOSITION OF ZUFFA, LLC

BY IKE LAWRENCE EPSTEIN

December 2, 2016

LAS VEGAS, NEVADA

11:29 A.M.

Reported by:  
Sarah Padilla, CCR NO. 929  
Job No: 47777

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<p style="text-align: right;">82</p> <p>1 don't know whether that was something that 2 Mr. Goodman and Mr. Palazzo requested, whether it 3 was done for some sort of tax or other reasons. But 4 it looks like \$500,000 is the amount. The reasons 5 for doing this, I don't know.</p> <p><b>Q So is it accurate to say that 1 million out of the -- out of -- out of the total acquisition price of the WFA deal was allocated to agreements on behalf of Mr. Goodman and Mr. Palazzo to not compete with Zuffa?</b></p> <p>A I don't think that's accurate, because I don't know the reasons why that money was allocated in that way. I'm not saying this is the case. But it would be very easy, for example, if you had other partners in the arrangement and didn't want them to be included in the overall purchase price, that you could ask the larger amount to be assigned to the non-compete that was personal to you so you didn't have to share that money with the other owners of the organization. I'm not saying that's true. I have no idea.</p> <p>And this thing could have been done for tax reasons. It could have been done for some other structure. So I would agree that \$500,000 is the amount that is on the document. But the reasons the</p>	<p style="text-align: right;">84</p> <p>1 <b>market." Is that sentence I just read an accurate characterization?</b></p> <p>A No.</p> <p><b>Q And what's inaccurate about that sentence?</b></p> <p>A I think the entire sentence is inaccurate. The purpose of the acquisition -- well, I guess it was small and little known. That could be true. But it was not a defensive strategy to eliminate a second tier competitive brand operating in the Las Vegas market. As I indicated to you, I don't even know that they did an event in the Las Vegas market. But the principals, Mr. Goodman and Mr. Palazzo, certainly lived in Las Vegas. They put on one or two fights. They were very unsuccessful. They began shopping the business and approached us. So I guess I would agree they were small and little known. But beyond that, I would disagree with the rest of it.</p> <p><b>Q Now, directing your attention to the last page of the document, the sentence that starts, "Any value ultimately derived by Zuffa from former WFA fighter contracts would be the result of integration into the UFC-WEC brand and only be realized through future marketing and production efforts. In fact, the terms of any fighter contracts to be exploited</b></p> <p style="text-align: right;">83</p> <p>1 deal was structured that way, I don't know.</p> <p><b>Q Do you know who at Zuffa would know why the deal was structured the way it was structured?</b></p> <p>A I don't. Could be Kirk Hendrick, could be John Mulkey, but I don't know.</p> <p><b>Q I would like to refer back to Exhibit 60, which we had been discussing earlier today.</b></p> <p>A Okay. Got it.</p> <p><b>Q I'm going to direct your attention to the second to last page of Exhibit 60. There's a Bates label at the bottom ZFL-1674073. Are you with me?</b></p> <p>A I see it.</p> <p>MS. GRIGSBY: I'm just going to reiterate my objection to this document. It's unclear whether this is a complete document, whether it's a draft, and whether there was anything else that accompanied it in terms of exhibits.</p> <p>THE WITNESS: I've got it in front of me.</p> <p>BY MR. WEILER:</p> <p><b>Q I'm going to direct your attention here, middle of the page, second sentence of the middle paragraph, it says, "The purpose of Zuffa's acquisition of the small and little-known WFA was a defensive strategy to eliminate a second tier competitive brand operating in the Las Vegas</b></p> <p style="text-align: right;">85</p> <p>1 <b>by Zuffa would likely be renegotiated and altered to comply with Zuffa standards and be economically adjusted in accordance with the new brand venue in which the fighter was to perform."</b></p> <p>5 <b>Is that sentence that I just read an accurate characterization?</b></p> <p>7 MS. GRIGSBY: Objection. Scope. This looks like it relates to fighter contracts, not acquisitions. And I'm going to renew my objection about this document. It looks to be an incomplete document, just for the record. If you notice, there's myriad typos in this document. It's unclear who drafted it.</p> <p>14 THE WITNESS: There's a lot in here. I 15 guess if I understand it right, what it's saying is 16 we probably enter new agreements with the athlete 17 and pay them more money when they enter the UFC. 18 And I think that's true. We probably would have 19 entered a new agreement with the athletes and paid 20 them more money.</p> <p>21 BY MR. WEILER:</p> <p><b>Q So directing your attention back to the previous page under "Determining Factors," there's a sentence that says, "Company believes that it is appropriate that the entire WFA purchase price,</b></p>
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1      whether it was important to them, I don't -- I 2      assume so.  3 <b>Q Did Zuffa represent that it would make</b> 4 <b>good faith efforts to continue the Pride brand as</b> 5 <b>part of the Pride acquisition?</b> 6      A I believe we did.  7 <b>Q When Zuffa made that representation, did</b> 8 <b>it know that there were questions about Pride's</b> 9 <b>association with the Yakuza organization?</b> 10     A Well, I mean, the whole reason why Pride 11    was sold is because of the fact there were 12    allegations they were associated with the Yakuza. 13    So everybody was aware about those allegations. 14    Whether any of it was true, it was never proven as 15    far as I know one way or the other. So of course 16    people were aware, because that's the only reason 17    they sold the business.  18 <b>Q Did Zuffa ever hold any events under the</b> 19 <b>Pride brand?</b> 20     A No.  21 <b>Q Were there any planned Pride events that</b> 22 <b>were canceled as a result of Zuffa's acquisition of</b> 23 <b>Pride?</b> 24     A You know, I think there certainly were 25    some discussions about doing an event in between the	146	1      MR. WEILER: I'd like to mark as an 2      exhibit, Exhibit 77. Exhibit 77 bears the Bates 3      label ZUF-00375836 going through 5844. While the 4      exhibit is being marked I will represent for the 5      record that this appears to be a draft settlement 6      agreement. And plaintiffs could not find an 7      executed version of this agreement. And the 8      plaintiffs would request for the record, that if an 9      executed and final version of this agreement exists, 10     that it be produced to plaintiffs. 11     A All right. I've got the documents. 12     (Exhibit 77 was marked.) 13     BY MR. WEILER: 14 <b>Q Do you recognize this document, sir?</b> 15     A It doesn't ring a bell, no. I mean, I 16    know we settled with them, so this could be a draft 17    of that agreement. 18 <b>Q When you say you "settled with them," is</b> 19 <b>that a reference to a settlement between Zuffa and</b> 20 <b>Mr. Sakakibara?</b> 21     A That's correct. 22 <b>Q And what's your understanding of the</b> 23 <b>settlement that Zuffa entered into with</b> 24 <b>Mr. Sakakibara?</b> 25     A I really don't remember the specifics of	148
1      closing and the time the business closed down. Once 2      again, I didn't come on board until August of 2007, 3      so things were not in a good spot by then. There 4      certainly was a discussion about doing events, as I 5      recall.  6 <b>Q So there were contemplated events under</b> 7 <b>the Pride brand Zuffa would undertake that did not</b> 8 <b>come to fruition?</b>  9      A They were contemplated events is my 10    recollection. There was discussion about events in 11    Japan under the Pride name.  12 <b>Q Were there any Pride fighters who were cut</b> 13 <b>by Zuffa as a result of the Zuffa acquisition?</b>  14     A I don't recall fighters being cut, no. I 15    mean, there may have been. I mean, I know that when 16    we didn't put on events, fighters were saying, "Hey, 17    I want to fight. I want to fight." And ultimately 18    when we closed the down the business, we certainly 19    got them fights in the UFC. There may have been 20    some fighters that we released, let them fight 21    elsewhere. But I don't remember anyone being cut.  22 <b>Q When you said that there may have been</b> 23 <b>some fighters that were released, do you know how</b> 24 <b>many fighters were released?</b> 25     A I don't recall.	147	1      what was paid. He had sued us. We had sued him. 2      We reached a settlement. He had sued Spectrum 3      Gaming, and we ended up reaching a settlement. I 4      don't remember the exact terms of it.  5 <b>Q I'd direct your attention to page 2 of the</b> 6 <b>settlement. There's a reference here to a figure</b> 7 <b>\$1,167,000. 167 -- strike that.</b>  8      There is a reference here to a figure 9      under the heading Settlement. Do you know if this 10     figure that's referenced here was paid to 11     Mr. Sakakibara as part of a settlement with him?  12     A I don't recall what the number was. 13 <b>Q Did Zuffa pay some money to Mr. Sakakibara</b> 14 <b>as part of the settlement with him?</b> 15     A I think so. 16 <b>Q Did Mr. Sakakibara pay any money to Zuffa</b> 17 <b>as part of that settlement?</b> 18     A I don't think so. 19 <b>Q Are you familiar with an MMA or former MMA</b> 20 <b>promoter known as Affliction Entertainment Group?</b> 21     A Yes. 22 <b>Q What was Affliction?</b> 23     A Affliction was primarily a clothing brand, 24    sold T-shirts, jeans, jackets, all sorts of sort of 25    apparel. And at some point they got into the MMA	149

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<p style="text-align: right;">150</p> <p>1 promotion business.</p> <p>2     <b>Q Did Zuffa acquire Affliction?</b></p> <p>3     A Yes.</p> <p>4     <b>Q How did Zuffa come to acquire Affliction?</b></p> <p>5     A Well, just so we are clear, we acquired</p> <p>6     some assets from Affliction. We didn't acquire the</p> <p>7     clothing brand or the manufacturing facilities and</p> <p>8     all that stuff. We acquired a dozen or so fighter</p> <p>9     contracts that had a liability of about a million</p> <p>10    dollars on them. And that was what we really took</p> <p>11    over. We got a couple of event-related tapes that</p> <p>12    contained a couple of events that they had done.</p> <p>13    But we didn't acquire Affliction, the brand, the</p> <p>14    apparel brand, obviously.</p> <p>15     <b>Q You acquired about a million dollars in</b></p> <p>16     <b>liability. Does that refer to an event that</b></p> <p>17     <b>Affliction had planned?</b></p> <p>18     A Well, it's not really just an event. It</p> <p>19     would be the fighter contracts, the liability on the</p> <p>20     fighter contracts themselves. They were doing an</p> <p>21     event -- they'd done a couple events. They were</p> <p>22     doing an event that headlined with Josh Barnett and</p> <p>23     Fedor Emelianenko.</p> <p>24     Josh Barnett, who had tested positive for</p> <p>25     performance enhancing drugs in the past was the</p>	<p style="text-align: right;">152</p> <p>1 is there a date on this besides the print date?</p> <p>2           MR. WEILER: Yeah. I will represent for</p> <p>3           the record that this is dated October 23rd, 2008.</p> <p>4           But I can't for the life of me tell you how I know</p> <p>5           that by looking at this exhibit. For the record, a</p> <p>6           number of the comments starting at pages 2 and to</p> <p>7           page 7 of the document are dated October 23rd, 2008.</p> <p>8           (Exhibit 78 was marked.)</p> <p>9           BY MR. WEILER:</p> <p>10          <b>Q Sir, I'd like to read you the passage from</b></p> <p>11          <b>this document, the first paragraph that says "MMA</b></p> <p>12          <b>Weekly reports that UFC and Affliction executives</b></p> <p>13          <b>met late last month to build a formal partnership</b></p> <p>14          <b>that would allow Affliction to return to the UFC as</b></p> <p>15          <b>a major clothing sponsor and work with the UFC to</b></p> <p>16          <b>create co-branded apparel. In exchange, Affliction</b></p> <p>17          <b>would agree to cease operations as a fight promotion</b></p> <p>18          <b>and allow the UFC to buy out several of their</b></p> <p>19          <b>fighter contracts."</b> Do you see where it says that?</p> <p>20          A Yes.</p> <p>21          <b>Q Did the UFC have negotiations with</b></p> <p>22          <b>Affliction in October 2008 regarding Affliction</b></p> <p>23          <b>ceasing its operations as a fight promotion and</b></p> <p>24          <b>becoming a sponsor of the UFC?</b></p> <p>25          A I don't remember the exact dates, but the</p>
<p style="text-align: right;">151</p> <p>1 subject of a prefight drug test by the California</p> <p>2 Athletic Commission. When that drug test was</p> <p>3 returned and it was positive, they refused to issue</p> <p>4 Josh Barnett -- and this happened just days before</p> <p>5 the event -- a license to participate. And as a</p> <p>6 result, Affliction canceled the event.</p> <p>7       Shortly thereafter, they contacted --</p> <p>8       their lawyer contacted me and said, you know, "We're</p> <p>9       looking to get out of this business. Would you be</p> <p>10      interested in acquiring the assets of the company?"</p> <p>11      And we said we really weren't that interested in it.</p> <p>12      And they said, "Well, would you just take over the</p> <p>13      fighter liability and fighter contracts and we'll</p> <p>14      give you the library?" And so we decided to do it.</p> <p>15      We also thought it was an opportunity -- because</p> <p>16      they couldn't assign any relationship with Fedor to</p> <p>17      us, we thought it would be an entree to finally sign</p> <p>18      Fedor and get him into the UFC, but that was</p> <p>19      unsuccessful.</p> <p>20      <b>Q I would like to mark as an exhibit,</b></p> <p>21      <b>Exhibit 78, a document that appears to be an article</b></p> <p>22      <b>published in Cage Potato MMA called "Affliction UFC</b></p> <p>23      <b>Truce Falls Apart, UFC Bans Another Brand."</b></p> <p>24      A All right.</p> <p>25      MS. GRIGSBY: Counsel, I just want to --</p>	<p style="text-align: right;">153</p> <p>1 problem that we have with Affliction is that they</p> <p>2 were essentially advertising an MMA brand within our</p> <p>3 organization. So obviously, that didn't make any</p> <p>4 sense. We weren't going to allow them to come into</p> <p>5 our UFC events and have branding that was associated</p> <p>6 with another promotion. So we certainly had a</p> <p>7 discussion with them, "Listen, if you guys are in</p> <p>8 business of promoting MMA events, you're free to</p> <p>9 advertise anywhere in the planet you want. But</p> <p>10 you're not going to be part of our events. If</p> <p>11 you're not going to be in that business, then maybe</p> <p>12 we can work on a deal where we can work</p> <p>13 together. But we're not going to advertise a</p> <p>14 competitive brand in our own product. That makes no</p> <p>15 sense. And no business would ever do that." Those</p> <p>16 were the nature of the discussions.</p> <p>17      <b>Q I see. Who negotiated the -- strike that.</b></p> <p>18      <b>Who was the primary negotiator, if anyone,</b></p> <p>19      <b>at Zuffa regarding the Affliction negotiation?</b></p> <p>20      A You know, once again, with a small</p> <p>21      management group, I think all of us were certainly</p> <p>22      involved in it. When I say "all of us," myself,</p> <p>23      Kirk Hendrick, John Mulkey, Lorenzo Fertitta, and</p> <p>24      Dana White. I certainly had a role in negotiating</p> <p>25      that deal because I had a relationship with the</p>

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	238		240
1	STATE OF _____ )	1	INSTRUCTIONS TO WITNESS
2	) :ss	2	
3	COUNTY OF _____ )	3	Please read your deposition over carefully
4		4	and make any necessary corrections. You should state
5		5	the reason in the appropriate space on the errata
6		6	sheet for any corrections that are made.
7	I, IKE LAWRENCE EPSTEIN, the witness	7	After doing so, please sign the errata sheet
8	herein, having read the foregoing	8	and date it.
9	testimony of the pages of this deposition,	9	You are signing same subject to the changes
10	do hereby certify it to be a true and	10	you have noted on the errata sheet, which will be
11	correct transcript, subject to the	11	attached to your deposition.
12	corrections, if any, shown on the attached	12	It is imperative that you return the original
13	page.	13	errata sheet to the deposing attorney within thirty
14		14	(30) days of receipt of the deposition transcript by
15		15	you. If you fail to do so, the deposition transcript
16	_____ IKE LAWRENCE EPSTEIN	16	may be deemed to be accurate and may be used in court.
17		17	
18		18	
19		19	
20	Sworn and subscribed to before me,	20	
21	this _____ day of _____, 2016.	21	
22		22	
23		23	
24	_____ Notary Public	24	
25		25	
	239		241
1	STATE OF NEVADA)	1	E R R A T A
2	) Ss	2	
3	COUNTY OF CLARK)	3	
4	I, Sarah Padilla, a duly commissioned and	4	
5	licensed court reporter, Clark County, State of Nevada,	5	I wish to make the following changes,
6	do hereby certify: That I reported the taking of the	6	for the following reasons:
7	deposition of the witness, IKE LAWRENCE EPSTEIN, commencing	7	
8	on Friday, December 2, 2016, at 11:39 A.M.; That prior to	8	PAGE LINE
9	being examined, the witness was, by me, duly sworn to testify	9	_____ CHANGE: _____
10	to the truth; That thereafter I transcribed my shorthand notes	10	REASON: _____
11	into typewriting and that the typewritten transcript of said	11	_____ CHANGE: _____
12	deposition is a complete, true, and accurate record of said	12	REASON: _____
13	shorthand notes. I further certify that I am not a relative	13	_____ CHANGE: _____
14	or employee of any attorney or counsel of any of the parties	14	REASON: _____
15	nor a relative or employee of an attorney or counsel involved	15	_____ CHANGE: _____
16	in said action, nor a person financially interested in the	16	REASON: _____
17	action; that a request [x] has [] has not been made to review	17	_____ CHANGE: _____
18	the transcript.	18	REASON: _____
19	IN WITNESS WHEREOF, I have hereunto set my	19	_____ CHANGE: _____
20	hand in the County of Clark, State of Nevada, this 22nd	20	REASON: _____
21	day of December.	21	
22		22	
23	_____ SARAH PADILLA, CCR 929	23	WITNESS' SIGNATURE
24		24	DATE
25		25	

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